

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2865 – SB 3513

March 24, 2010

**SUMMARY OF AMENDMENTS (015080, 015577):** Amendment 015080 rewrites the language of the original bill. Removes language requiring the Utility Management Review Board (UMRB) to conduct contested case hearings in the utility district's service area. Requires utility districts to report commissioners charged with absenteeism to the county mayor. Suspends indicted commissioners from service pending the disposition of the criminal case. Requires training and continuing education for commissioners. The training is to be offered by an association or organization with appropriate knowledge and experience and approved by the Comptroller. States only persons who reside within the utility district or are customers of the district are eligible for appointment or election to the utility district board. Changes language regarding "owner of property" to "be a district customer." Amendment 015577 exempts members of a governing board for a gas utility district from the education requirements required in the bill if they instead pursue training through an association of gas utility districts or directly through the gas utility district. The curriculum must be submitted to the Comptroller for review and approval.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Less than \$100,000

Increase Local Expenditures - \$58,500/One-Time  
\$60,000/Recurring\*

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

**Increase Local Expenditures - \$45,000/One-Time  
\$15,000/Recurring\***

Assumptions applied to amendments:

- According to the Comptroller, this amendment will not have a fiscal impact on state government.
- According to the Tennessee Association of Utility Districts (TAUD), there are approximately 600 commissioners statewide. Approximately 300 have already been through the TAUD certification program.

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- Cost to train the additional 300 commissioners is estimated at \$300 per person. However, approximately 35 percent (105) will be trained at a TAUD conference the commissioners already attend. There would be no increase in costs for these participants.
- Some utility districts will choose to offer their own training. Approximately 15 percent (45) commissioners will be trained by their own utility district. Any increase in expenditures is estimated to be not significant.
- The remaining 150 commissioners will attend TAUD training at \$300 per person. One-time local government expenditures are estimated to be \$45,000 for this initial training.
- Continuing education courses must be taken every three years; 200 commissioners will train every year.
- Of these 200, 35 percent (70) will be trained at a TAUD conference the commissioners already attend. There would be no increase in costs for these participants.
- Approximately 15 percent (30) commissioners will be trained by their own utility district. Any increase in expenditures is estimated to be not significant.
- The remaining 100 commissioners will TAUD training at \$150 per person. Recurring local government expenditures are estimated to be \$15,000 for continuing education.
- A small number of commissioners may be trained by an association of gas utility districts or directly through their gas utility district. The cost for training is estimated to be the same as the cost to train through TAUD.

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## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kmc